

Editors Fired For Refusing McGoff Edict

New York Times News Service

LANSING, Mich. — John P. McGoff, who heads companies that publish eight daily newspapers and more than 40 weeklies in several states, has discharged two of his Michigan editors after they failed to obey orders to run provocative articles that were highly critical of President Carter.

One of the articles said the President condoned promiscuity among members of his staff. The other suggested he was grooming his wife, Rosalynn, to be a future vice president.

They were written by George Bernard, New York bureau chief for McGoff's Panax newspaper chain, and were distributed to his newspapers two weeks ago along with a front-office memorandum labeling them "explosive" and urging that they be given front-page display.

A number of McGoff's editors followed orders last week and gave prominent display to the two articles written by Bernard, a 38-year-old former writer for the National Enquirer and more recently a public information officer for CBS Radio News.

TWO WHO BALKED, however, were Robert N. Skuggen, 34, editor of Mining Journal, a 19,000-circulation daily in Marquette, Mich., and David A. Rood, 51, editor of the Escanaba Daily Press, which has a circulation of 11,000.

Rood, dismissed last Monday, said later that the material in Bernard's articles "was taken out of context and was full of half-truths, insinuations and every other innuendo you can think of."

Skuggen, who was notified June 19 that his undated resignation had been accepted, said, "That type of journalism I can't stomach. I wouldn't be able to shave in the morning."

Both editors had won journalism awards in recent Michigan news writing contests, and both were well respected in state press circles.

McGoff, 52, acknowledged as much later this week but said they were discharged because they had ignored his orders. He described his action as "one that any good leader should exercise."

(Panax this year acquired the Globe-Advertiser weekly publications in suburban Washington. The Globe ran both stories on June 9, while the Advertiser ran only the one about Mrs. Carter on June 8.)

ington dateline and began: President James Earl Carter condones promiscuity, affairs with other women — for the male staffers who work for him."

The contention was based on a "leak to Panax newspapers" from Peter Bourne, who, according to Bernard's article, is "a psychiatrist who is on the administration's payroll to make Jimmy Carter look good."

In Washington, Bourne, a special assistant to the President for mental health and drug abuse, said, "I can't recall saying anything to anybody about that subject."

THE SECOND ARTICLE quoted a New York psychologist, William Van Precht, as saying that Carter was giving his wife "inordinate power" and "has in mind a hidden objective."

Van Precht was further quoted as saying, "My careful analysis says that Jimmy Carter is grooming wife Rosalynn for the vice presidency in 1984. And if Walter Mondale's health does not hold out through the ominous year of 'Big Brother,' Carter will push his bride to become the president of the United States."

Bernard worked for five years in the 1960s for the National Enquirer, a tabloid dealing with celebrities and sensational topics.

Bernard later worked for CBS Radio News as manager of press services, leaving in 1972.

FOI & THE PRESS

WASHINGTON STAR

JUN 27 1977

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File

thru exchange of $\frac{1}{3}$ new Co. 6% non-cum.
2nd. pfd. sh. for each Wespak com. sh.
In 1973, formed Packaging Systems International, Inc.
Business: Co. produces printed fabric labels, informative and identification tags, sales promotion specialties, and designs and manufactures carded visual packaging.
Property: Co. leases 10,000 sq. ft. in Pearl River, N. Y.; 75,000 sq. ft. in Sayre, Pa.; and owns 154,000 sq. ft. in Orangeburg, N. Y.
Subsidiaries: Packaging Lithographers, Inc.; Label Processing Corp.; Wespak Packaging Corp.; Packaging Systems International, Inc.; Fasco Coated Products, Inc.

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(\$000 omitted):

76
41
39
4
28
28
22,446
4,282
212
417
27,357
633
3,121
144
1,784
5,682
7,835
398
7,264
6,179
27,357
16,764
\$33.73
3,997
Consolidated.
Dec. 31, 1976,
annually with
prime interest
dividends on
net earnings
sufficient to main-
tain least \$10,000,000.
retained earn-
ings 31, 1978 with
a rate which
is of the dif-
ference of the amount
contains the
loan.
\$100,000.
Dec. 31, 1976, \$1-
loans payable
annually.
outstanding
\$1.
par Jan. 23,
no par to \$10
\$1 in Apr. 1970
(see Moody's
106,600 shares
note per share.
See term loan
1934—in \$):
1937--- 2.75
1940--- 3.00
1945--- 2.50
1948-49 1.60
1954--- 0.40
1961--- nil
1965--- 0.90
1976--- 1.00
to subscription
ends: 1949, 15%;
DISBURSING
Bank of Hampden
& Trust Co.,

Officers
Leon Hershaft, Chmn.
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Arthur Hershaft
Fred Hershaft
R. L. Sind
Bruce Hagen

Auditors: Grossman, Brozman & Agrin.

General Counsel: Snow & Becker.

Annual Meeting: In June.

No. of Employees: Dec. 31, 1976, 446.

No. of Stockholders: Dec. 31, 1976: Preferred, 4; common, 545.

Executive Office: 275 No. Middletown Rd. Pearl River, NY 10965. Tel.: (914) 735-9200.

Consol. Income Acct., yrs. ended Dec. 31

| (\$000 omitted): | 1976 | 1975 | 1974 |
|--------------------------|---|---------|---------|
| Net sales | 18,147 | 12,277 | 13,206 |
| Cost of sales | 13,269 | 8,795 | 9,364 |
| Sell., etc. exp. | 3,220 | 2,642 | 2,423 |
| Interest | 213 | 197 | 290 |
| Income taxes | 704 | 316 | 553 |
| Extraord. items | 741 | 327 | 610 |
| Net income | 2,213 | 1,886 | 1,276 |
| Prev. ret. earn. | 200 | --- | --- |
| Divs. (stk.) | 2,754 | 2,213 | 1,886 |
| Retain. earn. | \$1.53 | \$0.67 | \$1.25 |
| Earn., com. sh. | 487,651 | 426,590 | 409,186 |
| Yr. end com. shs. | On 484,500 (1975 & 1974, 487,500) aver. com. & com. equiv. shs. adj. for 10% stk. div. 12/76. After \$335,000 (1975, \$320,000; 1974, \$294,000) deprec. & amort. Tax credit from sub. loss carryfwd. \$1.18 before extraord. item. | | |

Consolidated Balance Sheet, as of Dec. 31

| (\$000 omitted): | 1976 | 1975 | 1974 |
|--|-------|-------|-------|
| Assets: | | | |
| Cash | 369 | 153 | 376 |
| Receiv., net | 2,025 | 1,895 | 1,395 |
| Inventories | 2,363 | 1,473 | 1,487 |
| Oth. curr. assets | 349 | 286 | 152 |
| Total current | 5,106 | 3,807 | 3,410 |
| Prop., etc. net | 4,302 | 3,472 | 3,485 |
| Other assets | 245 | 26 | 18 |
| Total | 9,653 | 7,305 | 6,913 |
| Liabilities: | | | |
| Notes, etc. pay. | 119 | 118 | 114 |
| Accts., etc. pay. | 1,997 | 1,661 | 1,067 |
| Income taxes | 455 | 119 | 296 |
| Total current | 2,571 | 1,898 | 1,477 |
| Long term debt | 2,754 | 1,870 | 2,258 |
| Def. inc. taxes | 284 | 233 | 201 |
| 5% pfd. stk. (\$100) | 162 | 187 | 187 |
| 6% cv. pfd. stk. (\$1) | --- | 16 | 34 |
| Com. stk. (\$0.10) | 48 | 43 | 41 |
| Capital surplus | 1,080 | 845 | 829 |
| Retain. earn. | 2,754 | 2,213 | 1,886 |
| Total | 9,653 | 7,305 | 6,913 |
| Net curr. assets | 2,535 | 1,909 | 1,933 |
| Deprec., etc. | 1,470 | 1,304 | 1,202 |
| At lower of cost (fifo) or mkt. | | | |
| Long Term Debt: Outstg. Dec. 31, 1976, \$2- 873,216 comprised of: (1) \$725,000 under revolving loan due 1978, secured by accounts receivable, inventories and certain equipment. (2) \$740,000 note payable 2 1/2% above prime rate payable monthly thru 1983. (3) \$1,245,682 9 1/2% mtgs. payable quarterly thru 1996. (4) \$43,334 other debt. | | | |

Capital Stock 1. 5% Non-Cumulative pref.; par \$100:
Auth., 3,000 shs.; outstg., Dec. 31, 1976, 1,620 shs., par \$100.

shs.; par \$0.10.

Has one vote per sh.; no preemptive rights.

Paid Stk. Divs.: 1976, 10%; July 8, 1977, 5%.

Transfer Agent and Registrar—National

Offered (130,000 shs.) at \$7.50 a sh. on Apr. 21, 1969 thru Arnold, Wilkins & Co.

NASDAQ Symbol: PAKS.

Price Range: 1976 1975 1974 1973 1972

High 5 1/2 4 3/4 3 1/4 5 1/2 6 1/4

Low 2 1 3/4 2 2 1/2 3 1/4

Preferred Retired: In 1976 Co. retired 16,626 shs. of 6% non-cumulative second convertible preferred stock thru conversion of 6,729 shs. into 6,729 common shs. and balance of 9,897 shs. redeemed at par value.

PANAX CORP.

History: Incorporated in Del. Jan. 12, 1972, succeeding Del. company incorporated in Aug. 1969 to acquire a company of the same name incorporated in Mich. on Mar. 13, 1963 1963 as Mid-States Broadcasting Corp. Present name adopted July 1, 1965.

Co. first entered broadcasting business and at one time owned a television station, four AM stations & four FM stations. Beginning in 1964 with acquisition of its first daily newspaper and in 1966 with first sale of a radio station, Co. today owns no broadcast properties and is totally in newspaper and printing business.

In Jan., 1971, sold Ingham County News for \$200,000.

In Sept., 1971, sold investment in Panax of Ypsilanti, Inc. (The Ypsilanti Press) for \$1-723,326.

In Nov., 1971 acquired Macomb Publishing Co. for 1,250,001 com. shs. and Wyandotte News Co. for 425,000 com. shs.

In July 1972, acquired Keystone Printing and Wayne Graphics for 70,000 com. shs.

In Oct. 1972 acquired Calumet Publishing Co. for 224,977 com. shs. (now Panax Publishing Co.).

In Jan. 1973, acquired Eastside Shopper, Inc.

On May 14, 1973, acquired Miami Beach Times.

On Dec. 27, 1973, formed printing corporation in Rep. of South Africa.

On Dec. 31, 1973, acquired Dearborn press. In Feb. 1976 acquired Copper Shopper, a publication which serves Houghton, Keweenaw, and Baraga Counties, Mich. (name changed to Copper Nugget).

In Nov. 1976 acquired the Dearborn Guide for cash. Subsequently merged with Dearborn Press to form Dearborn Press and Guide.

In Dec. 1976 acquired Miami Beach Sun-Reporter and Thursday Sun-Reporter for cash.

Proposed Acquisition: In Apr. 1977 Co. entered into an agreement in principle to acquire Glove-Advertiser publications, Washington, D. C. Included in transaction are assets of Fairfax Publishing Co. and Free State Publishing Co.

Business: Co. is principally engaged in publication of daily and weekly newspapers in Michigan, Illinois, Indiana and Florida. Co. also operates commercial printing, typesetting and composing businesses in five locations in United States. A commercial printing and composing business in Republic of South Africa started production in early 1975. One subsidiary of Co. is engaged in printing machinery sales, service and supply business, and another handles advertising and promotion activities for shopping centers.

Property: Owns offset printing plant in Mason, Mich.

Subsidiaries: Panax Publishing Co., Illiana Advertising Agency, Promotion Management Associates, American Press, Inc.

Officers

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J. N. Brown, Group Vice-Pres.
Harry Buckel, Vice-Pres.
J. J. Gross, Vice-Pres.
M. N. Heim, Group Vice-Pres.
Ralph Kaziateck, Group Vice-Pres.
G. T. Priestap, Treas.
R. A. Jones, Sec.

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